

## Message Text

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ORIGIN EB-11

INFO OCT-01 CIAE-00 COME-00 DODE-00 INR-09 NSAE-00 RSC-01

TRSE-00 EUR-25 AEC-11 ADP-00 INRE-00 MC-02 PA-03

PRS-01 USIA-12 /076 R

DRAFTED BY EB/ ITP/ EWT: OSANDERSON: MAR

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EUR/ EE - MR. MORLEY

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P 262013 Z MAR 73

FM SECSTATE WASHDC

TO AMEMBASSY WARSAW PRIORITY

C O N F I D E N T I A L STATE 055226

EXCON

EO 11652: N/ A

TAGS: ESTC, ETRD

SUBJ: EXPORT CONTROL - CYBER 72

REF : STATE 52785

1. FOLLOWING CDC OFFICIALS ARRIVE WARSAW LATE P. M. MARCH 27

R. D. SCHMIDT, SENIOR V. P., HUGH P. DONAGHUE, SPECIAL  
ASSISTANT TO PRESIDENT, R. C. PFLAGER, LEGAL COUNSEL,  
PERIPHERAL PRODUCTS DIVISION, G. S. WELLER, V. P. PERIPHERAL  
PRODUCTS FOR EASTERN EUROPE

2. PRINCIPLE PURPOSE IN WARSAW AS STATED PARA TWO REFTEL.  
MATTERS CONCERNING OTHER CDC SALES TO POLAND MAY ALSO BE  
DISCUSSED.

3. CDC REPS WILL CONTACT EMBASSY TO DISCUSS AND REACH  
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UNDERSTANDING ON ARRANGEMENTS COVERING DISPATCH TO WASHINGTON OF DATA AND OTHER INFORMATION WHICH POLES WILL BE REQUIRED TO SUBMIT UNDER TERMS OF CYBER 72 CONTRACT. LICENSING DETERMINATION FOR THIS CASE REQUIRES THE INSTITUTE TO PROVIDE SPECIFIC INFORMATION TO RESPONSIBLE WESTERN REPRESENTATIVES OF CDC WHO WILL TRANSMIT SAME TO AN AUTHORIZED REPRESENTATIVE OF THE USG. MATERIAL WOULD BE DELIVERED TO EMBASSY WEEKLY ALREADY ADDRESSED FOR POUCHING TO DESIGNATED OFFICIAL OF OEC IN COMMERCE. PACKAGE WOULD NOT BE BULKY ALTHOUGH LARGER AMOUNT OF MATERIAL MIGHT BE CALLED FOR FROM TIME TO TIME. (SIMILAR PLAN ALREADY IN OP

2. PAPER BEGINS BY ATTACKING CRUZ GOVERNMENT AS FRAUDULENT AND INCOMPETENT. COMMENTS ON PERFORMANCE OF NEW GOVERNMENT, HOWEVER, ARE ONLY RELATIVELY FAVORABLE AND, IN FACT, HAVE TESTY TONE WHICH CAUSED CONVALESCENT OSCAR GALE (PRESIDENT OF SITRATERCO) TO COMPLAIN PUBLICLY THAT CTH SHOULD GIVE GOVERNMENT MORE THAN LUKEWARM SUPPORT. ANALYZING GOH PERFORMANCE DECREE BY DECREE, PAPER CONCLUDES:

(A) FISCAL AND ECONOMIC PERFORMANCES HAVE BEEN INADEQUATE, LEADING TO EXCESSIVE PUBLIC INDEBTEDNESS. (THIS CONTRADICTS SUBSEQUENT PROGRAM DEMAND FOR MORE GOVERNMENT SPENDING ON NUMEROUS PROJECTS.)

(B) JUDICIAL REFORM IS BEING FRUSTRATED BY APPOINTMENT OF "OLD MENTALITY" LAWYERS.

(C) DECREE NO. 8, ALTHOUGH IT CONTAINS SOME WELCOME FEATURES, IS NOT GOOD ENOUGH EVEN FOR SHORT TERM, BECAUSE NEW INA "DIRECTING FIGURES" LACK DYNAMISM AND RESOURCES. ALSO, IT "INSTITUTIONALIZES" ARCHAIC SYSTEM OF LAND TENURE.

(D) DECREES ABOLISHING USURY, ESTABLISHING INFO FOR PROFESSIONAL AND WORKER TRAINING, AND FOR ESTABLISHING TRADE UNION "AGENCY SHOP" IN ENTERPRISES, WERE ALL WARMLY SUPPORTED.

3. CTH PROGRAM IS GENERALLY MODERATE. IN SOME FIELDS CTH GOT OVER ITS HEAD, E. G. IN ECONOMICS, WHERE PROPOSALS ARE EXCESSIVELY VAGUE AND SOMETIMES MUTUALLY CONTRADICTORY. DOCUMENT IS IN FACT FREQUENTLY AMBIGUOUS BECAUSE OF LOOSE DRAFTING.

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4. PEASANT AND LABOR DEMANDS ARE ALMOST IDENTICAL AND PHRASED IN MUCH SAME LANGUAGE AS THOSE OF CTH IN JUNE 1972, AT TIME OF LABOR AND LIBERAL PARTY- SPONSORED REVIEW OF FAILURES OF " UNITY PACT." ( EMBASSY A-92, JUNE 10, 1972).

( A) PEASANT DEMANDS ARE SOMEWHAT LESS DETAILED THAN THOSE OF ANACH COMPLAINT OF NOVEMBER 1972, WHICH BROUGHT DOWN CRUZ GOVERNMENT, BUT REFLECT NO DIFFERENCE IN PHILOSOPHY. GENERALLY SPEAKING THEY CALL FOR GENUINE AGRARIAN REFORM AS SPECIFIED IN 1962 LAW.

( B) LABOR DEMANDS AGAIN SHOW NO SERIOUS EVOLUTION FROM 1972, EXCEPT THAT EARLIER PAPER ASKED FOR UNION SHOP, OF WHICH PRESENT DOCUMENT MAKES NO MENTION. ( ALTHOUGH UNION SHOP REMAINS LONG- TERM GOAL, UNIONS ARE APPARENTLY SATISFIED FOR MOMENT WITH NEW AGENCY SHOP CONCESSION.) UNIONS WANT TO MINIMIZE DIFFERENCES BETWEEN RICH AND POOR BY HIGHER TAXES AND MINIMUM WAGES FOR TOWN AND COUNTRY WORKERS. THEY ALSO WANT " MAJORITY PARTICIPATION" IN CONSEJO SUPERIOR OF PLANIFICACION, WHICH IS NEW DEMAND.

5. PAPER CALLS FOR HONDURAN CONTROL OF EXPLOITATION OF NATURAL RESOURCES AND TELECOMMUNICATIONS. LATTER REFERS TO CANCELLING TROPICAL RADIO CONTRACT, WAS NOT IN JUNE 1972 PAPER, BUT IS CONSISTENT WITH STANCE TAKEN BY MANY UNIONS WHICH TR CONTROVERSY ERUPTED LATER THAT YEAR. FORMER MUST REFER TO NEW YORK ROSARIO COMPANY. IT IS VAGUELY PROPOSED TO ELIMINATE UNSPECIFIED PRIVILEGES OF FOREIGN INVESTORS.

6. REVISION OF CONTRACTS OF FRUIT COMPANIES IS AGAIN DEMANDED, NOT IN SENSE OF NATIONALIZATION, BUT TO OBTAIN LARGER TAX CUT FOR HONDURAS.

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL



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